



PROACTIVE

ACCOUNTING SOLUTIONS

Winter 2015

A NOTE FROM ANDREW

With one financial year ending and another beginning, it is a great time to look back at the year that's been and what may lie ahead. The 2015 financial year saw a continuation of challenging business conditions caused by the downturn in the mining industry.



Those businesses that have been able to adjust their operations, in line with the reduced activity, have survived but unfortunately Mackay has still seen many business closures and job losses. This has put downwards pressure on the Mackay housing and commercial property markets with significant reductions in rents and property values.

The big question is what does the 2016 financial year hold for the Mackay region and local businesses? We may have seen the bottom of the cycle with definite signs of increased activity starting to occur. We have a number of clients that are now employing again and securing longer term contracts with the mines. With the need to become more efficient in the last couple of years, this should result in a return to profitability and viability. As the level of activity in the mining industry stabilises, we will see increased confidence at a business and consumer level, which will create increased employment and spending flowing through the Mackay economy.

CAN YOU STILL GROW WHEN TIMES ARE TOUGH?

There is a lot of talk about how bad things are in Mackay at the moment with stories focusing on job losses and business failures. One of the main reasons given being a lack of work.

There is no doubt we are in a significantly different business environment - no longer can you sit back and wait for the customers to come to you. Businesses need to change how they engage with their existing customers, how they attract new business and assess the value they offer.

It is now more important than ever to understand your business and your points of difference compared to your competitors. This may mean doing things differently to how you have in the past. There is an old saying "If you keep doing the same thing, you can expect to get the same results".

Yes, the amount of work in the region has reduced, with some industries affected more than others. However, if you look at the market share you have compared to the whole market for your product or service you are likely to find that there is a lot of work out there, you just need to attract it to you.

We are passionate about working with clients to help them to identify strategies to attract new business. If you would like to find out more give us a call.

VISIT OUR WEBSITE AND KEEP UP TO DATE

Our website not only highlights our services but also contains a 'Seminars and Events' page under the 'News' tab which is updated each month with seminars and events being held by various organisations relevant to local businesses. The site is also updated with a monthly blog offering discussion on the different elements of running a successful business and other related topics.

www.proactivesolutions.com.au



Let's talk 4951 6000

Visit us

1st Floor, Cnr Sydney & Gordon Streets, Mackay

GET TO KNOW COURTNEY NICHOLSON



Courtney has been part of the team for over 4 years starting out as an undergraduate, completing her degree last year. Courtney has grown to be a real asset to our firm and to our clients. She is always happy to help, with nothing ever being too much trouble.

Courtney grew up on a local cane farm and has two sisters and two brothers. Courtney and her partner, Edward, enjoy rodeos, the footy (particularly the Dragons!) and spending time with their dogs, Dan and Russell.

DO YOU HAVE THE INFORMATION YOU NEED TO *survive?*

As we are all aware, business conditions in Mackay are not what they were a couple of years ago due to the mining downturn. But why when things get tough do some businesses fail, others survive and a few thrive?

One of the main factors that assist business to change quickly to market conditions is having access to accurate, timely information on a weekly and monthly basis. Without this information it is difficult to make the right decisions at the right time, which can be costly or even detrimental to the future of the business.

Having access to sufficient funding and cashflow is the lifeblood of a business, which means you need a strong relationship with your banker. When times are good banks are happy to lend freely but when times are tough, it becomes much more difficult to obtain much needed finance.

Having accurate and timely reporting not only provides the bank with the information they need to respond quickly but also confidence in the business and its operators. Although business debt levels need to be controlled, a good strategy is to increase borrowing limits in the good times to ensure that you have sufficient facilities in place when conditions get tougher.

Timely business information also assist in understanding sales, margins and overheads and how these might be changing which allows the business owner to react quickly, assisting in maintaining profitability.

Ask us how we can help by implementing a structured reporting system in your business and monitoring the results to make strategic decisions.



BUSINESS NETWORK INTERNATIONAL (BNI)

BNI is a unique way of networking where members across a variety of professions and trades pass referrals to each other to help grow each other's businesses. In addition to referrals, the network offers an opportunity to build close relationships and build a support network with other like-minded, local business owners.

There has been one BNI chapter in Mackay for the past 8 years

with another two currently forming. There are over 7000 BNI chapters around the world proving that the model works.

Proactive are members in two of these chapters and are passionate about BNI and the positive business results that flow from being a member. If you are interested in attending one of the weekly breakfast meetings, please contact our office for more details.

SUGAR INDUSTRY UPDATE Mackay Sugar

The Mackay region cane growers have begun the 2015 crushing season. There are a number of factors affecting this season's crush with significantly lower prices and sugar levels being considerably low at this point in time. There have even been cases where cane is being condemned due to the severe dry weather and yellow canopy syndrome.

We are aware that the impact of these factors can severely affect your cashflow and the full effect may not become apparent until the crushing season has finished. Proactive encourage growers to keep in regular contact over the crushing season so we can help identify if you need further planning or assistance with cash flow requirements. We would like to take this opportunity to wish all contractors and growers a safe and incident free crushing season.

2015 BUDGET UPDATE

Small business owners are the big winners with a lot to be happy about after Joe Hockey's 2015 Budget on the May 12th 2015 which announced a "Growing Jobs and Small Business Package". The two biggest highlights in this package included tax cuts on business income and the ability to immediately write-off business assets up to \$20,000. Below is a brief summary of the key Budget points that may affect you.



SMALL BUSINESS TAX RATE CUT TO 28.5% FROM 1 JULY 2015

The key change is a tax cut. Small business company tax will be reduced by 1.5% to 28.5% from 1 July 2015. Although the tax rate has been reduced, the Government has advised the rate of franking credit will remain at 30%. For small businesses, not run through companies, there will be a 5% tax offset on business profits capped at \$1,000 per individual for each income year.

SMALL BUSINESSES CAN IMMEDIATELY WRITE OFF ASSETS UP TO \$20,000

One of the biggest surprises from the budget was that small businesses with less than \$2m of turnover can immediately write-off assets including cars, equipment and machinery, if it cost less than \$20,000. This includes both new and second hand assets. Assets exceeding \$20,000 can be depreciated at 15% in the first year and 30% thereafter. These rules will apply from Budget night until 30 June 2017.

SMALL BUSINESS STARTUPS GET IMMEDIATE DEDUCTION FOR PROFESSIONAL FEES

From 1 July 2015 professional expenses such as accounting and legal advice, when starting up a new business, is now immediately deductible. Previously, it was deducted over five years.

DROUGHT RELIEF FOR FARMERS



From budget night on 12 May 2015, Primary Producers will be allowed to immediately write-off new capital expenditure on fencing and water facilities and claim depreciation over three years for fodder storage facilities.

CGT ROLL OVER RELIEF FOR CHANGE OF ENTITY STRUCTURE

Small businesses that wish to change their structure will be able to do so from 1 July 2016 without incurring a Capital Gains Tax (CGT) liability. Currently, the only restructure relief is from an individual, partnership or trust to a company. Going forward, changes should be able to be made to other structures (e.g. individual to trust). There will still be stamp duty considerations that should be quantified before any change is made.

NO FBT ON WORK RELATED ELECTRONIC DEVICES

From 1 April 2016, small business will be able to provide more than one portable electronic device to be used primarily for work without incurring a Fringe Benefits Tax liability.



REMOVAL OF METHODS FOR CALCULATING WORK RELATED CAR EXPENSES

From 1 July 2015, two uncommon methods of calculating work-related car expenses "12% of original value" method and "one-third of actual expenses" method will be discontinued. Further, the cents per kilometre method will be reduced to a single rate of 66 cents per kilometre, regardless of engine size.

ZONE TAX OFFSET CHANGES TO EXCLUDE FIFO WORKERS

The zone tax offset is designed to compensate people who live in remote areas for additional costs associated with living in that area. Fly in Fly Out (FIFO) Workers who work, but do not actually reside within a 'zone', will no longer be eligible for a 'zone' tax offset from 1 July 2015, therefore better targeting the offset to those who most require it.

STAFF NEWS

Lending A Hand

Andrew and Jarrod were up bright and early to lend a hand to the Lions Club of Mackay Northern Beaches, serving tea and coffee to farmers attending the recent MAPS (Mackay Area Productivity Service) field day at their farm near Greenmount. It was great to help out and also get to chat with some of the local growers. Here they are pictured with Doug Petersen from the Lions Club of Mackay Northern Beaches.

Welcome Rose Daley

The Proactive team are very pleased to welcome Rose Daley to our firm. Many of the staff have worked with Rose previously and are looking forward to having her good humour and laughter ringing through the office again.

Rose has a wealth of experience in accounting armed with a master's degree in taxation along with over 10 years' hands on experience. She has a particular passion for primary production, spending much of her life involved in various primary production industries. After a well-deserved break, Rose is keen to get back into it.

Congratulations to Andrew & Jarrod!

Andrew and Jarrod may be recent business partners but they have a long history together starting at Central Queensland University, where they first met while studying accounting.

They completed their degrees in 1995, both graduating with distinctions and started work on the same day in the same firm 20 years ago. Although both working at different firms over the span of their careers, they began working together again six years ago and became business partners last year.



About us

The accountants at Proactive Accounting Solutions are passionate about building close relationships with our clients, working with you to achieve your business, financial and lifestyle goals.

Did you know?

That "Piggy Banks" actually originate from the English word "pig" which referred to earthenware, which is used to make crockery not the animal. People often saved money in kitchen pots and jars made of pig, called "pig jars".

What is a Proactive Accountant?

- An accountant who is **passionate** about helping their clients
- An accountant that **returns your call promptly**
- An accountant that is more like a **business partner**
- An accountant who **meets with you regularly** to ensure you are on track & achieving your goals
- An accountant that **does not charge** you for a quick question or chat
- An accountant that can **change your business** & ultimately your personal life
- An accountant with an **open door** policy and a **complimentary** consultation

Let's talk

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Visit us 1st Floor, Cnr Sydney & Gordon Streets, Mackay

Linked in

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